



ASX RELEASE

24 August 2023

Results and Business Update

Tinybeans Group Limited (ASX: TNY) (OTCQB: TNYF) (“Tinybeans” or “the Company”), the product-led company that is built by parents, for parents, is pleased to announce its results for the 12 months ended 30 June 2023 (FY23), a year of transition with the business reset underway to unlock Tinybeans’ opportunity.

Changes implemented in FY23:

- **Refreshed leadership**
 - Zsofi Paterson appointed new CEO & started on 17 July 2023, an experienced digital growth leader
 - Board renewed in February 2023
 - Updated go-forward strategy to be presented at the AGM in November 2023
- **User momentum**
 - Privacy & “sharenting” more important to families than ever
 - 90% of subscribers on a monthly plan renewed subscription post May 2023 price increase
 - Continue to attract 3 million monthly users across web and app platforms
- **Product enhancements complete with more to come**
 - New product launches of Free & Tinybeans+ in April 2023
 - User enhancement initiatives to flow during FY24
 - New Android app due to launch in September 2023
- **Strengthened financial position**
 - US\$3.9 million pro forma cash balance at 30 June 2023, including funds from the recent equity raising
 - Supportive key shareholders

FY23 financial results reflect business transition:

- Revenue of US\$8.4 million, down 23% on pcp, due largely to continued US economic headwinds
 - Positives:
 - Paid Subscription revenue increased 39% on pcp to US\$2.1 million
 - 26k increase in new users since launching Tinybeans Free & Tinybeans+ in April 2023 (39k increase to 31 July 2023)
 - Price increase successfully implemented in May 2023 with 90% renewal rate from subscribers on a monthly plan
 - Offsets
 - Advertising revenue decreased 36% on pcp to US\$5.8 million
 - New sales strategy being executed together with further recruitment taking place to bolster sales team
- Underlying FY23 NPAT improved by US\$1.5 million on pcp to a loss of US\$(3.2) million
- Statutory FY23 NPAT was a loss of US\$(6.8) million, and included a one-off non-cash write-down in the value of goodwill from the Red Tricycle purchase in March 2020, of US\$3.7 million
- Operating cost savings of US\$2.7 million realised in FY23, with more expected to flow through in FY24

Significant achievements already in FY24:

- Tinybeans App Store rating increased to 4.8 stars
- Renewal rate for subscribers on a monthly plan continues to be high, increasing to 92% in July 2023
- New Tinybeans Android app (to be launched in September 2023) expected to increase customer pool substantially given 50% of mobile users in the US are on Android, a market segment largely untapped by the Company due to a poor performing product

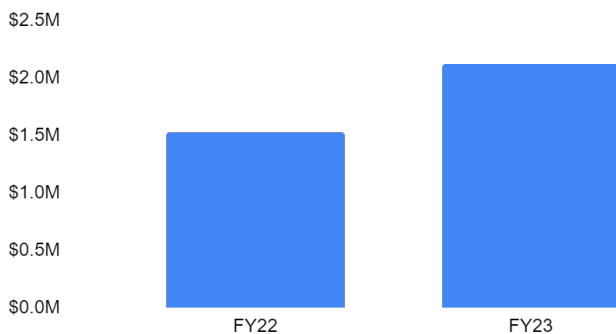


- Working on improving the performance and functionality of the product to maintain high subscription renewal rate, grow user base and stabilise advertising revenue

39% growth in Subscription revenues; 10% growth in paid subscribers

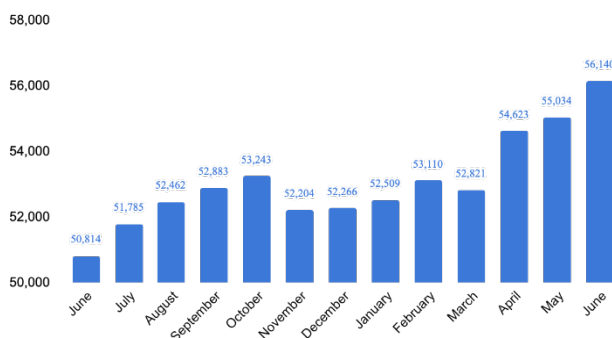
Subscription revenues of US\$2.1 million, grew by 39% on pcp, underpinned by the launch of Tinybeans Free & Tinybeans+ in April 2023 and the new pricing implemented in May 2023. Pricing for App subscriptions increased from US\$4.99 to US\$7.99 per month or US\$39.99 to US\$74.99 per annum, underpinning a 22% increase in Monthly Recurring Revenue (MRR) from US\$166k at the end of FY22 to US\$203k by the end of FY23.

FY23 Subscription Revenue US\$2.1M



Total paid subscribers grew by 10.2% in FY23 and renewal rates for subscribers on a monthly plan remained at approximately 90%. Approximately 50% of the businesses subscribers who are currently on an annual subscription plan are due to renew in Q2 FY24 rolling onto the new pricing. The team is working hard to implement new features and enhancements to keep the renewal rate as high as possible, noting that annual renewals are traditionally lower than monthly renewals, but still historically strong. We will have a better picture of annual subscription renewal rates over the next few months.

Paid subscribers FY23

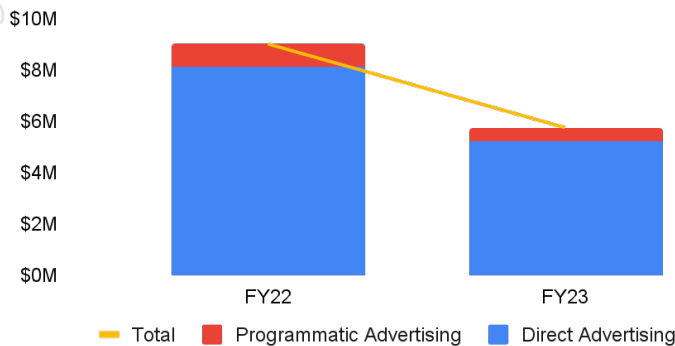


Advertising revenue down 36% due to challenging US market conditions

Advertising revenues of US\$5.8 million, down 36% on pcp, were impacted by economic headwinds in the US. Advertising revenues were also impacted by some large customers not renewing their contracts, due to poor return on investment under the previous sales strategy (now being addressed). A softer than expected pipeline to finish FY23 may impact H1 FY24 revenues, with new sales initiatives & people being implemented to stabilise and then grow direct advertising revenue.



FY23 Advertising Revenue US\$5.8M



The new sales strategy is focussing on Electronic Direct Mail (EDMs) to the Company's 2.1 million engaged email database. These EDMs have an open rate of between 25-45% and generate higher ROI to customers as well as greater renewable business. Pleasingly so far in FY24, the new sales strategy has led to new business won, with Paramount Pictures for Paw Patrol and ByHeart baby formula, which are on brand and in line with Tinybean's new strategy.

In July 2023, Freestar was implemented as a new digital ad tech partner to maximise monetisation efforts across a larger audience & gain access to bigger customers. Categories of focus for the Advertising Sales team remain Travel, Entertainment, Technology, Toys, CPG (Beauty & Personal Care, and Food & Bev), and Health. Advertising strategy, products and categories will need to be reviewed in line with the overall business reset.

Non-cash impairment of goodwill

As part of the normal FY23 annual audit process, in mid-August 2023 the Board and the new CEO reviewed the carrying value of the goodwill and intangible assets purchased as part of the Red Tricycle acquisition in March 2020. It was determined that it would be prudent to write off all goodwill associated with this acquisition, amounting to US\$3.7 million, given the business acquired now operates under the Tinybeans brand.

The Board has elected to continue to carry the asset at the value of its intangible assets of US\$1.6 million, as these assets are currently still in use and generating revenue for the Tinybeans business.

Strengthened cash position

Tinybeans' cash balance at 30 June 2023 was US\$1.54 million. However, US\$302k of June 2023 receivables were received in early July, which would have increased the cash balance to US\$1.842 million. The pro-forma cash balance at 30 June 2023, including proceeds from the capital raise (before transaction costs) successfully undertaken in July, was US\$3.9 million.

Over the past 12 months the business reset its cost base, taking US\$2.73 million of Operating Costs and US\$4 million of total costs out of the business in FY23, the full benefits of which will flow in FY24. This was in direct response to the tough economic challenges faced by the business due to a weakening in the US advertising market which continues to impact H1 FY24. The business will continue to maintain our laser focus on costs.

Tinybeans Android App to launch

The Tinybeans Android App has been rebuilt and after extensive private and public beta testing with existing users in July it is expected to be launched to the full market in September 2023.



The response to the new Android App from the private and public testing has been very positive, with feedback on improved performance and usability. In parallel with final beta testing, the focus will be on lifting the Google Play Store rating (currently 2.1 stars) to enable customer acquisition and inclusion in advertising-sales pitches.

Android represents only 10% of Tinybeans subscribers but 50% of all smartphone users in the US. The large and largely untapped Android market will then be a focus for growth and will give the business the ability to widen marketing investment to drive growth across platforms.

Looking forward:

- Privacy and “sharenting” more important to families than ever
- Tinybeans operates in a large addressable market with multiple revenue streams
- Scalable platform to grow marketable user base and conversion to paid subscribers
- Full review of brand, content & customer experience underway to re-focus the business to better serve the core Tinybeans customer, creating sales & subscription growth opportunities
- Marketing to be upweighted in line with new strategy, technology & content once ready
- Go forward strategy update at AGM in November 2023

CEO Zsofi Paterson said “With the benefit of my previous experience as CEO and a month of deeply focussed time with the Tinybeans team in the US, I now have a good understanding of the business and the risks, challenges and opportunities ahead. We have a good platform to build off, but work is required to align the customer, product and revenue model and to build a compelling brand that shows up consistently and meets customer needs. I have confidence we can do this and I look forward to sharing a strategic plan later in the year.”

Chair Chantale Millard said “Since my appointment as Chair in February 2023, I have been pleased to hear stories from Tinybeans’ users as to how Tinybeans makes their lives richer, allowing them to keep and share precious moments and memories with family near and far. Many of our users utilise the Tinybeans App every day and this level of engagement is very difficult to create.

There is something special about Tinybeans and with the business reset underway, the Board, CEO and management are optimistic about the future of the business and unlocking its full potential for the benefit of our users and shareholders. We look forward to updating you on our progress at our AGM in November 2023.”

Company will hold a market update today at 12.30pm (AEST). Please find below details of the call and we hope you can join us:

Join Zoom Meeting

<https://bellpotter.zoom.us/j/82681152057?pwd=OGFlcGM0RHINNEU2a282czJqQjNjZz09>

Meeting ID: 826 8115 2057

Passcode: 036089

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Passcode: 036089

This announcement has been approved for ASX release by the TNY Board

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About Tinybeans Group

Tinybeans Group Limited (ASX:TNY, OTCQB:TNYF) is a product-led company that is built by parents, for parents. We are parent obsessed. We start with serving new families and continue through all the stages of the parenting journey. Parents today are hyper focused on spending time with their kids, and Tinybeans is uniquely positioned to serve their needs by inspiring them to create meaningful memories, and privately sharing them through our high trust photo sharing app. Spending time with their amazing kids is parents' top priority. Helping them make that happen is ours.

Tinybeans engages 28 million Millennial and Gen Z parents every month through the #1 most trusted private photo sharing app and the #1 local and national website dedicated to fun things to do with your kids. Tinybeans enjoys over 150,000 5-star reviews in the Apple App and Google Play stores and has been recognized by Apple for excellence for both content-top 3 most viewed and exclusive parenting partner for Apple Guides, and utility-twice being named U.S. app of the day.

www.tinybeans.com

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